



October 2013

# Southwest Washington

## Labor Market News

### Volume 2013, Number 10

**Scott Bailey, Regional Economist**

5411 E. Mill Plain Boulevard, Suite 15, Vancouver WA 98661-7046

Voice: (360) 735-4995

[scott.bailey@esd.wa.gov](mailto:scott.bailey@esd.wa.gov), <https://fortress.wa.gov/esd/employmentdata>

## Monthly Review

“Back in the saddle again...”

*Take your pick:* Gene Autry or Aerosmith

## State of the Nation

### GDP and the four horses economic indicators of the Apocalypse:

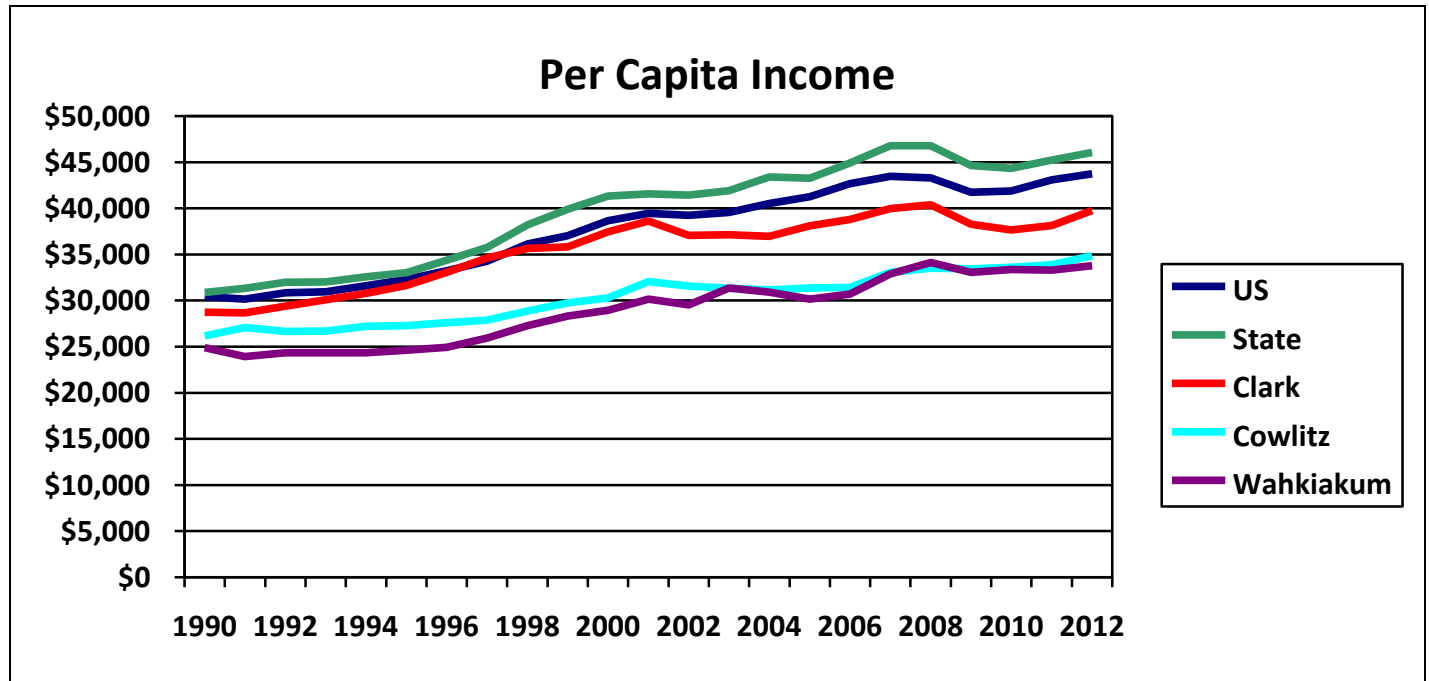
After a month hiatus due to the furlough, we're back and ready to rumble. If only the *economy* were on top of its game. Unfortunately, when we sat down at the breakfast table this morning, there was still the same warmed-over gruel:

- Manufacturing, wholesale, and retail sales (last data point in August) continued its upward trend. This indicator is still 0.8 percent below its pre-recession peak (-5 percent when adjusted for population growth).
- Personal income (excluding transfer payments like Social Security, last data point September) awoke from a three-month slumber and gained ground in August and September. This indicator is 3 percent above its pre-recession peak (-1 percent when adjusted for population growth), but the gain has gone almost entirely to the top 1 percent of households.
- Industrial production had a nice September but eased back a bit in October. This indicator is still 1 percent below its pre-recession peak (-5 percent when adjusted for population growth).
- Nonfarm employment expanded by 163,000 jobs in September and 204,000 in October. Employment was still 1.5 million below the January 2008 peak (-1.1 percent). Add in the 120,000 jobs per month that we need to keep up with population growth, and we're a mere *9.8 million* jobs short.

**Let's get personal:** The Bureau of Economic Analysis released personal income estimates for the state and counties for 2012. Personal income includes earnings from a job or business ownership, investment income, and government payments like Social Security. Per capita income divides total income in an area by its population. Because it is an average, it can be heavily influenced by income in the top bracket.

October 2013 Unemployment Rates			
	Oct. 2013	Sep. 2013	Oct. 2012
<b>Seasonally Adjusted:</b>			
U.S.	7.3	7.2	7.9
U.S. U-6	13.8	13.6	14.5
Washington	7.0	6.9	7.8
Oregon	7.7	7.8	8.5
Portland Metro	6.9	7.1	7.9
<b>Unadjusted:</b>			
U.S.	7.0	7.0	7.5
Washington	6.4	6.3	7.2
Oregon	7.1	6.7	8.0
Clark	7.1	8.0	9.7
Cowlitz	9.0	8.7	9.8
Wahkiakum	8.4	8.2	11.3
Portland Metro	6.5	7.4	7.6
*See text. Data will likely be revised upward.			

Each of the five areas shown in the chart below had an increase in per capita income in 2012 (after adjustment for inflation). Cowlitz hit its all-time high of \$34,867, as government payments remained high and earned income rallied somewhat. The county was 80 percent of the national average, slightly above Wahkiakum, but below Clark (91 percent of the U.S.).



**Shop till you drop:** The latest taxable retail sales data (for second quarter 2013) show an upward trend for both Clark and Cowlitz counties. The improvement seems to be more widespread in Clark, while the increase in Cowlitz was due mostly to auto sales. Restaurant revenues were up in both counties. Lodging continues to hit new highs in Clark, with little movement in Cowlitz.

## State of the States—and PDX

- Washington's labor market weakened in October with the loss of 8,100 jobs. Half of the loss was in construction and manufacturing. Employment growth over the year has slowed to 1.7 percent. Wholesale and retail trade, transportation, and corporate offices have grown the most in the past year in percentage terms. The unemployment rate was little changed at 7.0 percent. Washington was 1.3 percent short of the pre-recession peak, not adjusted for population growth.
- After two strong months, Oregon took October off, shedding 500 jobs. Overlooking the one-month blip, hiring has accelerated over the past few months. The official unemployment rate fell to 7.7 percent. Job growth over the year continued to hover around a modest 1.7 percent. Oregon was 3.5 percent short of the pre-recession peak, not adjusted for population growth.
- The Portland Metro area outdid the state, losing 3,000 jobs on a seasonally-adjusted basis. Growth over the year has slowed considerably, from well over 2 percent down to 1.4 percent—only 14,200 jobs. We'll wait to see how well these preliminary BLS estimates hold up; an upward revision a few months from now would be no surprise. PDX was a 1.6 percent below its pre-recession peak, not adjusted for population growth. Unemployment dropped by two tenths of a point to 6.9 percent.

## Regional Roundup

Nonfarm employment has been revised for all counties in the quarterly benchmarking process. Clark was revised slightly upward, Cowlitz downward, and Wahkiakum so no substantial change in its employment.

## Clark County

Quarterly benchmarking led to a small upward revision in Clark County nonfarm employment. August's preliminary estimate was bumped up by 400 jobs, and the over-the-year growth rate boosted from 2.4 percent to 2.7 percent.

The county continued to add jobs over the past two months:

- On a seasonally-adjusted basis, nonfarm employment rose by 100 jobs in September and another 200 in October.
- With the onset of a new school year, unadjusted job counts were up 2,200 in September and 600 in October. There was seasonal hiring in food processing, and seasonal layoffs in hospitality.

Over the year:

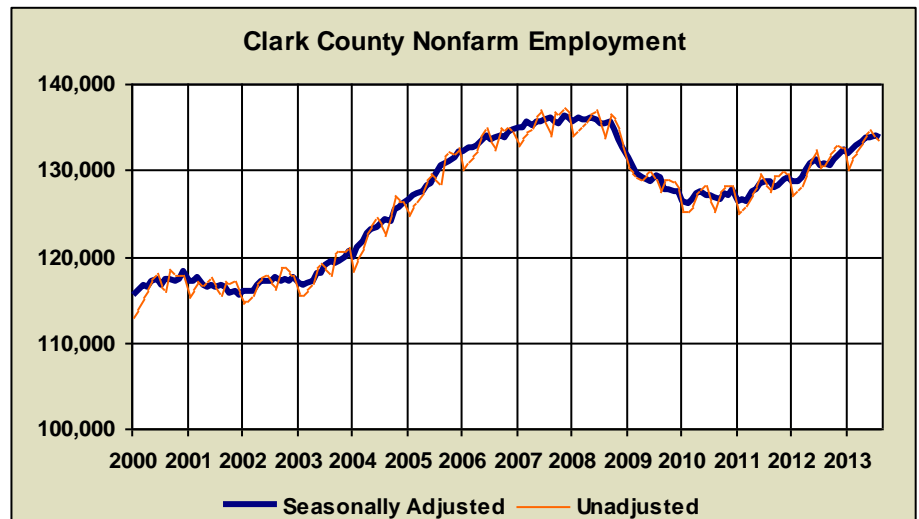
- Job growth over the year was 4,100, or 3.1 percent. It should be noted that this growth rate is a bit inflated due to the wonders of rounding. The unrounded total was up 2.6 percent. Either way, the county continues to generate jobs at a decent rate.

What's hot, what's not:

- **Hot:** Construction, which has added 800 jobs over the year (+8.8 percent), continues to be strong.
- **Warm:** Manufacturing, at +400 jobs over the year (3.1 percent), has trended upward.
- **Warm:** Trade & transportation has moved up to +1,100 jobs (4.5 percent). Wholesale, retail, and transportation are all expanding.
- **Warm:** Information is up 100 jobs over the year.
- **Warm:** Financial services was revised upward to +300 jobs (4.6 percent).
- **Warm:** Professional services has grown by a decent 2.9 percent.
- **Cool:** Corporate offices again looks hotter than it really was, as an employer reclassified some employment from health care into this industry.

About 300 of the 400 over-the-year change was due to that reclassification.

- **Cold:** Business services was revised downward, and has lost 200 jobs over the year.
- **Cool:** Private education services has shown little trend for the past two years.
- **Cool:** Health care & social assistance again gets a big asterisk. The loss of 200 health care jobs was partially due to a reclassification of employment into corporate offices. The adjusted change would be closer to +100 over the year, better than earlier estimated. Social assistance, which had been showing a loss, was also revised upward, to no change over the year.
- **Warm:** Leisure & hospitality has added 600 jobs (4.8 percent), with all of the gain in limited-service restaurants (e.g. fast-food outlets, coffee spots, etc.).
- **Warm:** "Other services"—everything from dry cleaners to auto mechanics to tanning salons—was up 200 jobs (4 percent).
- **Warming:** The public sector was up 400 jobs (1.7 percent) over the year, despite a loss of 200 state jobs. Most of the gain was in K-12 education.



The preliminary August rate of 8.3 percent was revised upward by 1.3 points to 9.6 percent. It looks like the September rate was not fully revised, and October's 7.1 percent preliminary rate will be bumped upward next month by at least a point.

Initial unemployment claims have drifted upward over the past two months, but there is no reason to believe that the downward trend which has lasted almost four years dropped will continue a bit longer. Continued claims have followed a smoother downward trajectory.

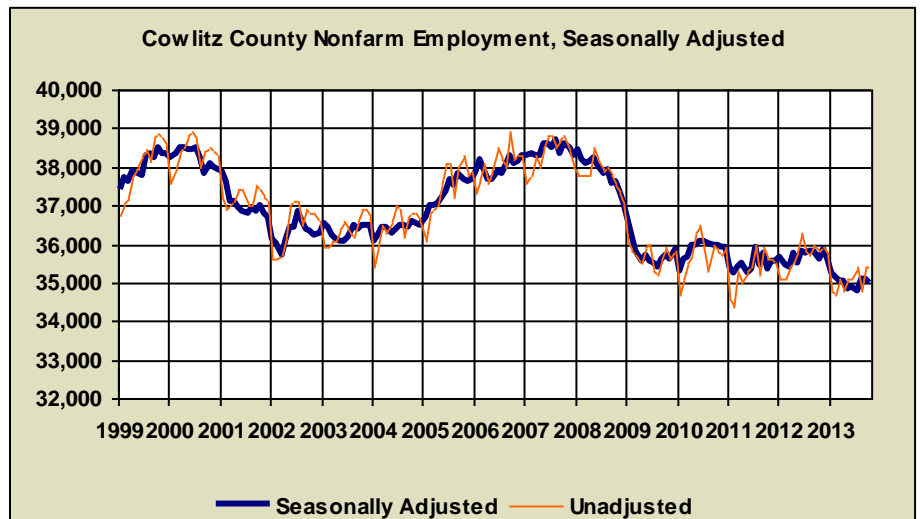
## Cowlitz County

Cowlitz County's labor market continued to, well, labor. According to estimates prepared by the U.S. Bureau of Labor Statistics, the county had 35,400 nonfarm jobs in October, 400 fewer than a year earlier.

Over the past two months, employment rose by 600 jobs, with most of the gain due to the start of the new school year.

Compared with last October, the county was short 200 construction jobs and 300 service sector jobs.

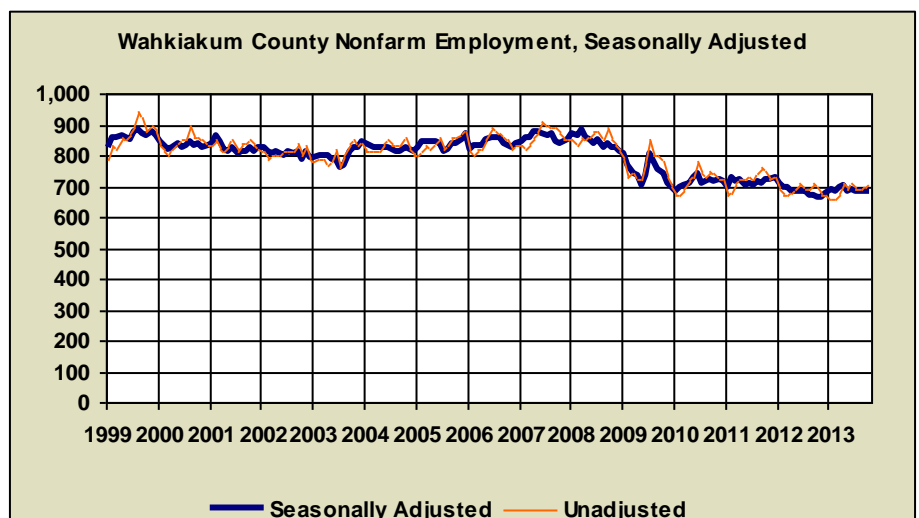
Unemployment was estimated at 9.0 percent, almost a point lower than the 9.8 percent from last October. As has been the case for months, the decline was due entirely to workers giving up on finding a job. The labor force has fallen by almost 5 percent (2,100) over the past year. Initial unemployment claims remained at low levels, and continued claims continued to trend downward. There's just not enough new jobs being generated.



## Wahkiakum County

“Stable” continued to be the watchword for jobs in Wahkiakum County. After seasonal adjustment, employment continued at a hair under 700 jobs in October, where it's been most of the year. Unadjusted employment was estimated at 710 jobs. At the industry level, construction was 10 jobs higher than a year ago, with no changes in other industries.

Employment remained nearly 200 jobs below the pre-recession peak of 880 jobs.



Unemployment was estimated at 8.4 percent, almost three points lower than last October. Both employment (-30) and unemployment (-50) have dropped over the year, as job-losers have given up looking for work. Both initial and continued unemployment claims were at low levels during the month.